

TOP SECRET

15 October 1958

Copy No. C 59

CENTRAL INTELLIGENCE BULLETIN



DOCUMENT NO. 29
NO CHANGE IN CLASS.
DECLASSIFIED
CLASS. CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: HR-702
DATE: 44-80 REVIEWER:

State Dept., JCS reviews completed

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Approved For Release 2002/10/21 : CIA-RDP79T00975A004000290001-5

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DAILY BRIEF

I. THE COMMUNIST BLOC

*Taiwan Strait situation: A Nationalist China newspaper, published by a ranking member of the Kuomintang, stated on 14 October that Taipei probably will accept a request by the United States to reduce military forces on Quemoy and Matsu if America agrees to defend the islands. The report probably is a trial balloon to assess American reaction. There was no significant military activity on 14 October.

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USSR-Yugoslavia: There are suggestions that Moscow's dispute with Yugoslavia may be leveling off. Khrushchev went to particular pains to meet with the Yugoslav ambassador on 8 October before the latter's departure for reassignment. The moderate tone of Tito's speech four days later may reflect his hopes that Belgrade's relations, at least with Moscow, will not degenerate further.

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USSR-Finland: Soviet economic pressures on Finland are building up, probably aimed at replacing the present Finnish coalition government with one more favorably disposed toward the USSR. The Helsinki government faces acute economic problems, and failure to cope with growing unemployment could lead to a cabinet crisis.

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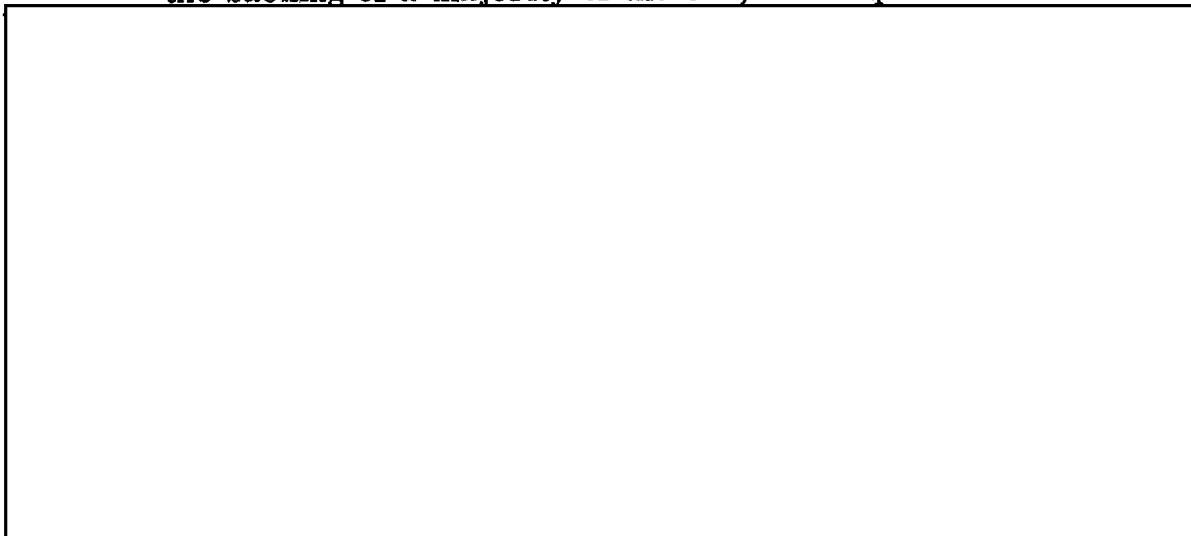
II. ASIA-AFRICA

Iraq: Separatist sentiment among Iraq's Kurds, encouraged by local Communists, has increased since the July revolution, and Kurdish leaders seem likely to seek independence or increased autonomy. Mustafa Barzani, a Kurdish

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leader who recently returned to Iraq from the Soviet Union, is publicly pledging loyalty to the regime. Should he revert to a separatist position, he would most probably have the backing of a majority of the 800,000 Iraqi Kurds.

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No Cyprus: Agreement in the North Atlantic Council on 13 October that Britain, Greece, and Turkey, subject to final approval by the respective governments, will hold a conference on the Cyprus issue at an early date offers a new opportunity for progress toward a negotiated settlement. The willingness of all parties to the dispute to compromise on procedure increases the prospects for substantive concessions. There continues to be a wide difference of opinion, however, as to what constitutes a satisfactory solution.

III. THE WEST

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France-Algeria: De Gaulle's order to the French Army in Algeria to withdraw from political activity, and his invitation to "all tendencies" to participate in the November legislative elections threatens the position of the European settlers and poses the first major test of his control over the military. The Algerian rebels are unlikely to cooperate openly with the De Gaulle election program, but may not repeat their attempt, unsuccessful in the constitutional referendum, to enforce a general Moslem boycott.

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LATE ITEM

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*Lebanon: Agreement has been reached on a stopgap four-man cabinet headed by the present prime minister, Rashid Karame, and including militant Christian leader Pierre Gemayel. This compromise has enabled Gemayel to call off the strike which his supporters have been trying to enforce. Attempts probably will have to be made soon to bring additional individuals into the government, however, and new difficulties may well arise over their selection.

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DAILY BRIEF

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TAIWAN STRAIT TALLY SHEET
(From JCS Situation Report No. 91)

Air Situation
(Plane losses claimed through 13 Oct)

	TODAY			CUMULATIVE		
	Destroyed	Probable	Possible	Destroyed	Probable	Possible
Communist	0	0	0	33	4	8
Nationalist	0	0	0	6**	0	2*

*Damaged

**Includes 2 C-46's, 2 F-84G's, and 2 F-86's

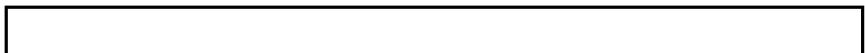
Chinmen Supply Situation -
(Tonnage through 11 Oct)

	<u>Total</u>
Delivery - 7-11 Oct	18,459
Total (since 7 Sept)	24,366
Average Daily Rate for Sept	125
Average Daily Rate for Oct	1,906
Minimum Austere Daily Requirements	320

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I. THE COMMUNIST BLOC

Taiwan Strait Situation

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Peiping on 14 October issued its 31st "serious warning," charging two US warships entered territorial waters in the Matsu area and two US fighter aircraft "intruded" over Pingtan Island in the same area on that day.

Peiping continues its efforts to maintain the pose of an aggrieved party in the current situation and to keep up some degree of tension among the mainland population. A Sidewinder exhibition which opened in Peiping on 14 October "depicts the crime of the American aggressor for directing the Chiang Kai-shek air force to use the Sidewinder guided missile." When parts of the Sidewinder were originally found in Chekiang Province, Peiping promised "punitive" action against the Chinese Nationalist Air Force. There was no such threat in today's announcement.

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Soviet-Yugoslav Conflict May Be Easing

The lengthy talks in Sochi on 8 October between Khrushchev and Yugoslav Ambassador Micunovic before the latter's departure from the USSR for reassignment may herald an easing in Moscow's anti-Yugoslav campaign. This is suggested by Khrushchev's last-minute decision to hold this meeting and to put a special aircraft at Micunovic's disposal. Micunovic had stated during his farewell call on Ambassador Thompson on 4 October that he did not expect to see Khrushchev before he left for Belgrade, but that differences with Moscow appeared to have "evened out," although at a very unsatisfactory level.

Khrushchev may feel that his efforts to achieve greater unity within the "socialist camp" have succeeded to a point where carrying the anti-Yugoslav campaign further would be self-defeating. He may consider that the forthcoming "friendship" visit to Moscow by Gomulka--a persistent holdout in the anti-Yugoslav campaign--will be more successful as a demonstration of bloc unity if efforts to curtail the Moscow-Belgrade dispute are in evidence.

While Tito's speech on 12 October sharply condemns elements within the bloc for their attacks and reaffirms that Yugoslavia will not change its basic policies, his moderate tone could reflect his hope that relations with Moscow, if not with other members of the bloc, will not degenerate further. Moscow may not object to anti-Yugoslav attacks emanating from other quarters, for the East German-Bulgarian communique of 11 October again attacked Yugoslav "revisionism" as the bloc's primary enemy.

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Soviet Pressures on Finland

Increasing Soviet pressures on Finland appear aimed at bringing about the fall of the present Finnish coalition government, the most conservative in Finland since 1945, and replacing it with one more favorably disposed toward the USSR. Moscow desires the inclusion in the government of the Communist-front Finnish People's Democratic League (SKDL)--the largest single party--which has not had cabinet representation since 1948.

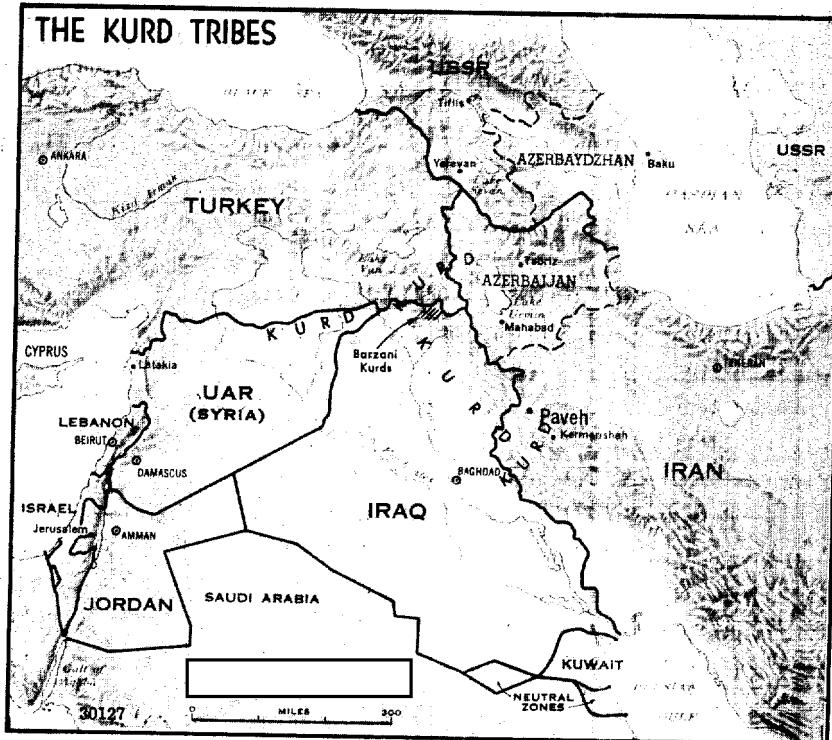
Although the present cabinet is perhaps the strongest postwar government in Finland, it faces acute economic problems, and failure to cope with the growing unemployment could lead to a cabinet crisis and replacement by another coalition including the SKDL. The USSR is stalling on trade talks which had been expected to begin early in October, and any consequent curtailment of Soviet purchases would eventually increase unemployment. Finnish Communists are seeking to create an air of crisis around Finnish-Soviet relations by charging that the "rightist" Fagerholm government is pursuing a policy damaging to Finland's neutrality.

The USSR may also be concerned over Finland's possible economic association with Western Europe through OEEC and ultimately through a European free trade area.

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II. ASIA-AFRICA

Iraqi Kurds Likely to Press for Greater Independence

Kurdish approaches to American representatives in Iraq for support and the public excitement generated by the return to Baghdad of Kurdish dissident leader Mulla Mustafa Barzani after a 12-year exile in the Soviet Union indicate a reawakening of Kurdish nationalism since the July revolution. The American Embassy believes there will be some sort of Kurdish bid for independence or increased autonomy within the next year.

Mulla Mustafa is reported to have by far the largest following among the 800,000 Iraqi Kurds, and his influence also extends into northern Iran. His present tactic is to pledge loyalty to the revolutionary regime, emphasizing that Kurds and Arabs stand "in one solid rank" to defend the Iraqi republic. Should he choose other tactics, the embassy estimates that 50-60 percent of Iraqi Kurds would follow him in any adventure even if it were clearly Communist-inspired. The regime may, however, attempt to buy him off by offering him an official post.

For the moment, it is felt, Mulla Mustafa will move cautiously because of unsolved family rivalries and because he does not command the loyalty of all Iraqi Kurds. His brother, Sheik Ahmad, was released from jail following the revolution and is his bitter enemy.

There are also possibly 30,000 Kurds in the area near the Iranian border who oppose Mulla Mustafa on family and anti-Communist grounds, but who also oppose the Iraqi Government because they do not believe they will get a fair deal from the new regime. There is also a very small number of "moderate" Kurds, represented by Minister of Communications Baba Ali, who hope the revolution will improve the lot of their people and who are cooperating with the new regime. The influence of this group probably will disappear quickly.

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unless the new government, unlike the Nuri Said regime, begins significant rural development and education programs in the Kurdish tribal areas.

With the present deterioration of economic conditions in Iraq and the administrative confusion prevailing in Baghdad, the chances of the government's undertaking such programs seem slight while the chances of trouble with the Kurds are growing.

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Cyprus Situation

The North Atlantic Council on 13 October obtained the agreement of British, Turkish, and Greek representatives to hold a conference on the Cyprus question with representatives of the Turkish and Greek population on Cyprus and an observer from NATO present. This provides a new opportunity for progress toward a negotiated settlement, although wide differences continue over what would constitute an acceptable solution. Approval or rejection of this agreement by the governments concerned is expected when the council meets on 15 October.

NATO Secretary General Spaak's talk with Turkish Foreign Minister Zorlu reassured the Turks of Spaak's objectivity and has improved prospects for a more conciliatory Turkish attitude. Turkey had earlier insisted that a conference not include discussion of a final solution for the island and had objected to the participation of representatives of the Greek and Turkish Cypriots. Ankara now is expected to agree to a conference although the Greek Cypriots are likely to be represented by Archbishop Makarios.

The Karamanlis government also is under substantial pressure to resolve the Cyprus issue and is expected to ratify the proposed conference arrangements since they provide a means of backing down from its insistence that any conference should have a firm agenda specifically excluding partition.

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III. THE WEST

De Gaulle's Crackdown Will Test His Control Over Military In Algeria

Premier de Gaulle's order to the French armed forces in Algeria to withdraw from political activity and his invitation to Algerians of "all tendencies" to participate in the November legislative elections threaten the position of the European settlers and reopen the question of his control of the military there.

Rightist settler groups, particularly those in Algiers who command a considerable paramilitary organization, may feel they have nothing to lose by demonstrations aimed at re-awakening sympathy and support among the military and metropolitan French rightists as they did on 13 May. General Massu and the other military members have withdrawn from the Algeria-Sahara Committee of Public Safety, but some highly placed officers reportedly are again expressing open bitterness over De Gaulle's "treatment" of the army. While even extremist army elements are unlikely to challenge the premier openly, the possibility that they would refuse to suppress any major settler demonstrations cannot be ruled out. Most of the non-Communist press in France endorses the premier's move.

Leaders of the rebel National Liberation Front (FLN), who established a provisional Algerian government last month, are unlikely to cooperate openly with the De Gaulle program and may continue their public denunciation of French policy. Their conspicuous failure to enforce a Moslem boycott of the constitutional referendum, however, may lead them to permit some form of participation by FLN adherents in the forthcoming elections.

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LATE ITEM

New Lebanese Cabinet

The announcement of agreement on a four-man stopgap cabinet in Beirut has enabled the militant Christian elements to call off their violent pressure tactics against the Karame government. Karame is to remain at the head of the new combination as representative of the Moslem rebels. Pierre Gemayel, leader of the Christian Phalange paramilitary formation, represents the former pro-Chamoun "loyalists." The other members are veteran Lebanese politicians, Husayn Uwayni and Raymond Edde. Uwayni is a Moslem moderate adherent of the rebel faction

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Edde, a Maronite, is the son of a former Lebanese president and has admitted presidential ambitions himself. He was a leader of the so-called "third force" during the past several months.

According to preliminary press reports, the two Moslem ministers are to hold most of the important portfolios. In addition to being prime minister, Karame is to hold finance, economics, defense, and information, while Uwayni holds foreign affairs, justice, and planning. On the Christian side Edde holds interior and social affairs, with Gemayel taking public works, education, agriculture, and health.

The major obstacle during the past few days of cabinet negotiations was the objection of one faction or the other to some particular individual; the reduction of the cabinet to four men evades rather than solves this problem. As constituted, the new government represents only two--albeit the two most important--of Lebanon's religious divisions, the Sunni Moslems and the Maronite Christians. The important Druze, Shia Moslem, Greek Orthodox, and other communities will not be satisfied for long without their traditional voice in the government, and the previous difficulties may well arise again when an attempt is made to expand the cabinet to include representatives of these elements.

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